

Background information

March 20 2019

Background

Swedbank is the leading bank in Sweden and the Baltic countries.

To address some of the questions that have been discussed in the media and the financial markets, Swedbank has gathered the background information in this presentation.

Swedbank's Anti Money Laundering Process

Know Your Customer

- Through the so-called Know Your Customer (“KYC“) process, the bank performs a risk assessment on each customer in order to set the correct customer risk profile
- One key purpose of the risk classification is that the bank shall be able to handle customers through a so-called risk-based approach, which helps us determine how we most efficiently monitor customers and consequently reduce the risk for money laundering. An elevated risk profile entails that the bank, for example, applies more controls

Transaction monitoring

- The purpose of monitoring customers and transactions is to identify any behavior deviating from the KYC-profile and any behaviour that otherwise indicates suspected money laundering or terrorist financing
- The bank monitors customers' account activity through automated systems that detect and flag activity which could indicate suspicious behaviour that would need further investigation
- Suspected money laundering is reported to the Financial intelligence unit (FIU)

Number of monitored transactions in 2018

Country	Yearly	Monthly	Weekly	Daily (workday)
Sweden	2 772 M	231 M	54 M	8 M
Estonia	456 M	38 M	9 M	1.3 M
Latvia	372 M	31 M	7 M	1 M
Lithuania	348 M	29 M	7M	1 M

Compliance investigations

- As part of Swedbank's ongoing AML process, compliance investigations can be performed
- The compliance investigation in 2018, focusing on Swedbank customers' transactions with customers of Danske Bank is one of these investigations. The investigation triggered several internal actions and the findings was shared with the Swedish FSA
- Compliance investigations may also be initiated should suspected behaviours among Swedbank's employees be detected. Swedbank's policy is not to comment on the relationships with individual employees

Reporting to authorities and off boarding

Reporting to authorities

- Banks have an obligation to report suspected money laundering to the local authorities
- Supplying law enforcement with such information is crucial to enable their work to efficiently combat money laundering
- The number of reports have increased over time

Reports on suspected transactions (SAR)	2017	2018
Estonia	777	950
Latvia	583	760
Lithuania	120	584

Off boarding

- Off boarding is the process of terminating a customer relationship. The investigation preceding the off boarding of a customer varies with the complexity of the customer relationship
- The table includes the total number of terminated non-resident customers in the Baltics, regardless of reason

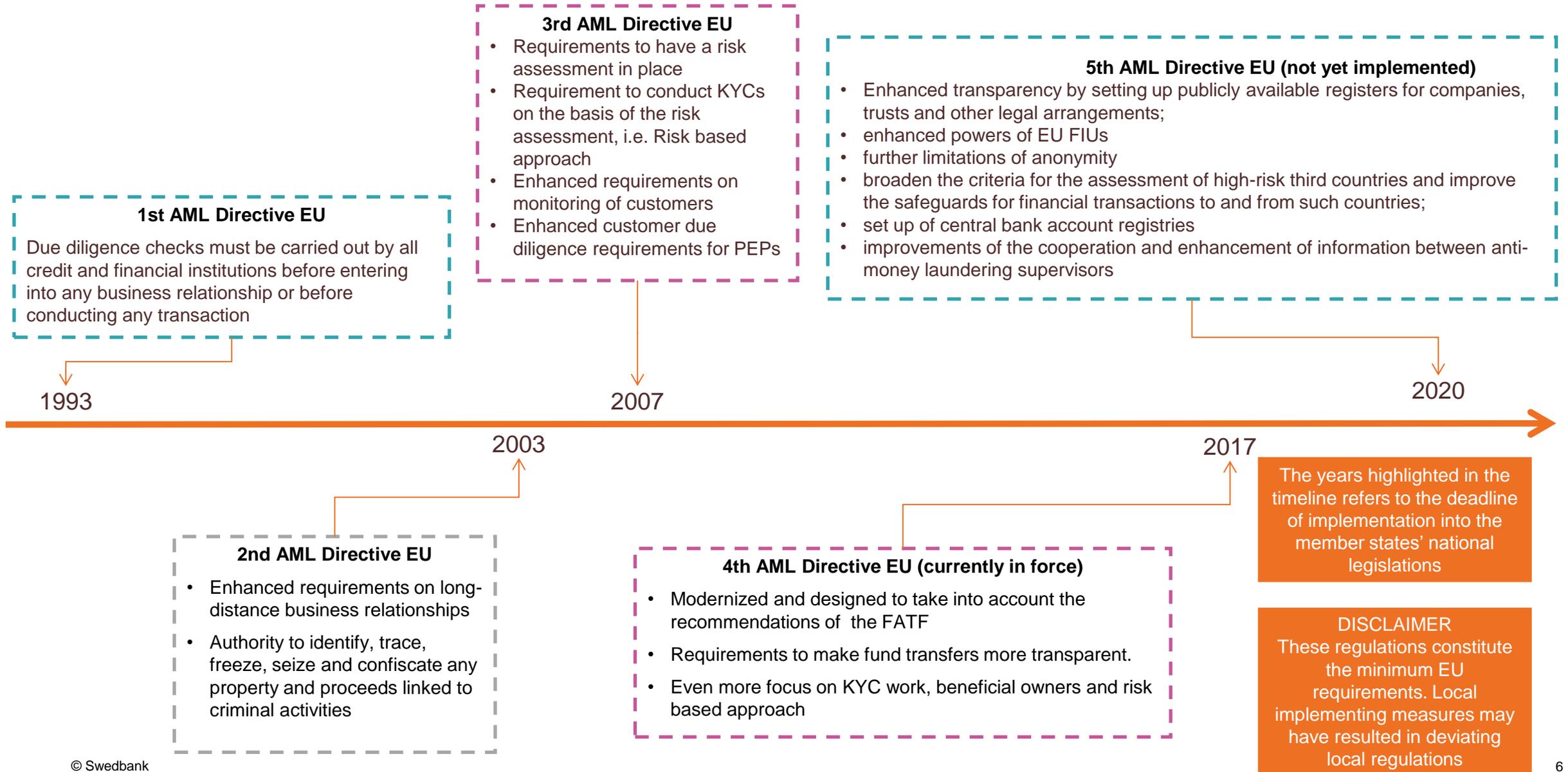
Number of off-boarded non-resident customers	2017	2018
Estonia	427	114
Latvia	190	37
Lithuania	64	54

Selected supervisory authority comments

Below are links to selected comments by supervisory authorities

- Swedish Financial Supervisory Authority, *Finansinspektionen's work with anti-money laundering supervision*, 6 March 2019, [LINK](#)
- Bank of Lithuania, *Bank of Lithuania to assist in investigation of alleged money laundering cases*, 21 February 2019, [LINK](#)
- Estonian Financial Supervisory Authority, *Joint statement by the Estonian and Swedish Financial Supervisory Authorities*, 21 February 2019, [LINK](#)

EU AML regulations over time



Swedbank

